

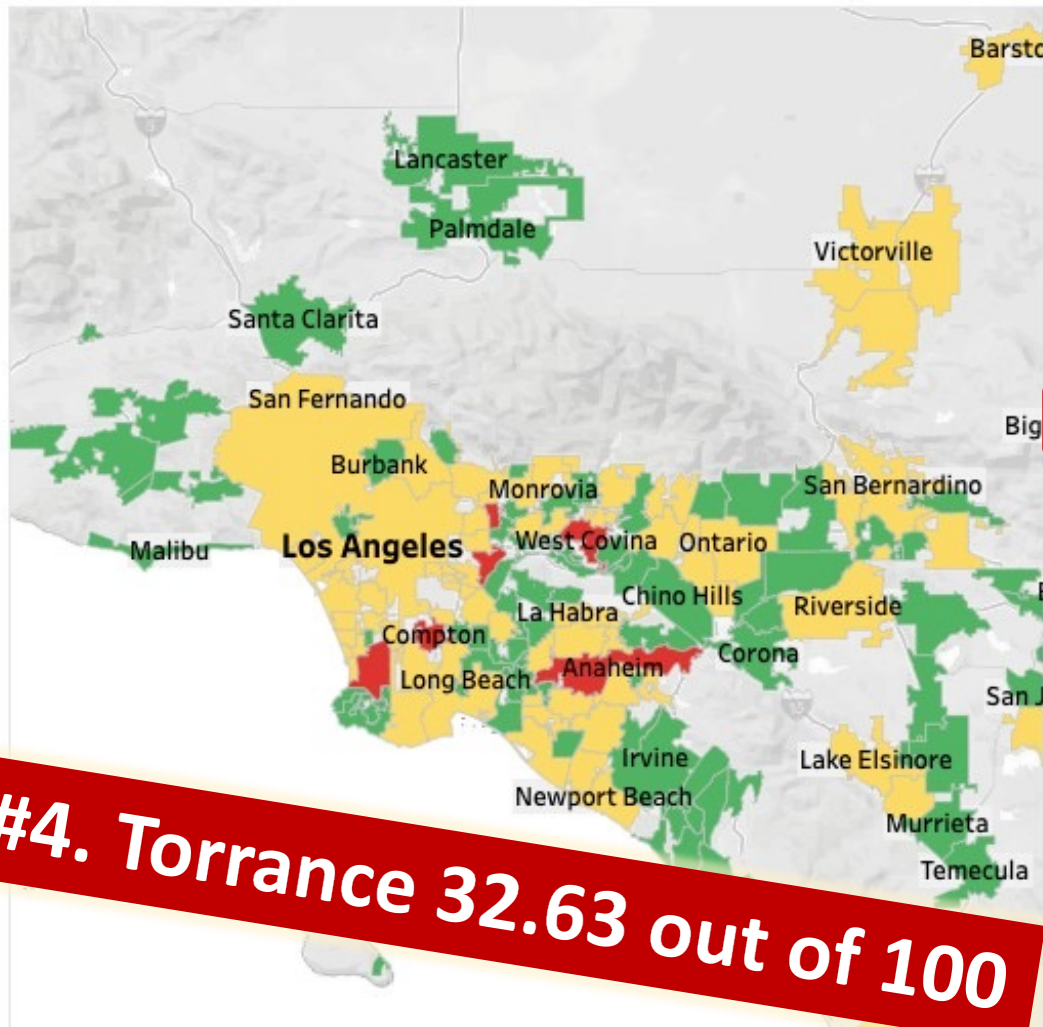


# MAINTAINING ESSENTIAL SERVICES IN THE CITY OF TORRANCE

# Torrance's Financial Situation

- As the demand for high-quality city services continues to increase, so does the cost – currently exceeding our City's available revenue
- The pandemic and continued unfunded state mandates have placed a heavy burden on our city and emergency reserves have been depleted
- One-time federal COVID relief has helped, but will soon expire, leaving Torrance vulnerable to an emergency or unforeseen major expense

# CA State Auditor's High-Risk Assessment



**#4. Torrance 32.63 out of 100**

## City Rankings FROM WORST TO BEST ↓↑

|  |  |
|--|--|
| 1. Compton (0 out of 100 points)         | <div><div></div><div></div><div></div></div> |
| 2. San Gabriel (29.37 out of 100 points) | <div><div></div><div></div><div></div></div> |
| 3. Blythe (32.2 out of 100 points)       | <div><div></div><div></div><div></div></div> |
| 4. Torrance (32.63 out of 100 points)    | <div><div></div><div></div><div></div></div> |
| 5. Calexico (34.41 out of 100 points)    | <div><div></div><div></div><div></div></div> |
| 6. El Cerrito (35.76 out of 100 points)  | <div><div></div><div></div><div></div></div> |
| 7. Montebello (36.58 out of 100 points)  | <div><div></div><div></div><div></div></div> |
| 8. Anaheim (38.49 out of 100 points)     | <div><div></div><div></div><div></div></div> |
| 9. Richmond (39.55 out of 100 points)    | <div><div></div><div></div><div></div></div> |
| 10. Modesto (40.79 out of 100 points)    | <div><div></div><div></div><div></div></div> |

↑ The number associated with each city represents its statewide rank.

# Funding Needs and Emergency Preparedness



More funds are needed to address the impacts of homelessness



- Emergency/Litigation Readiness
  - Torrance has only 4.7% in available ongoing emergency reserves
  - 20% is recommended reserve to be prepared for emergencies
  - Torrance has \$0 in reserve for potential litigation

# Funding Needs and Emergency Preparedness



Litigation settlements and awards have been trending upward in CA and U.S. in recent years, particularly for civil rights, catastrophic injury and wrongful death matters of which the City currently has several such lawsuits



Torrance is highly vulnerable in the event of a disaster, public health emergency or major lawsuit

# Clear Choice

At a minimum  
the City must  
make **5% cuts**  
**across all**  
**departments**

If **additional**  
**revenue** can be  
secured the most  
devastating cuts  
impacting **the**  
**most essential**  
**city services** can  
be avoided.

Given that the Fire  
and Police  
departments make  
up 65% of the City's  
General Fund  
budget, **cuts to**  
**public safety**  
**cannot be avoided.**

# Police

**Required 5% budget cuts would lead to:**

- Slower 911 emergency response times for burglaries, thefts and home invasions
- Fewer on-duty police officers for neighborhood patrols, reducing response times
- Eliminating school resource officers and crossing guards that keep students at local schools safe
- Eliminating the Police Department's Gang, Vice and Narcotics Details





# Police continued

**Required 5% budget cuts would lead to:**

- Reduced capacity for criminal investigations
- Eliminating violence prevention programs to keep youths out of trouble
- Reduced ability to recruit and retrain well-trained public safety officers







# Police – Specific Units

## **Vice and Narcotics:**

Fewer detectives will impact active pursuit, arrest, and prosecution of individuals involved in distributing narcotics

## **Economic Crimes**

Eliminate the ability to follow up on most reports of fraud, elder theft and other economic crimes

## **Property Crimes:**

Loss of service for residential burglaries, auto theft investigations, and other property crimes



# Police – Specific Units

## **Community Lead Officers:**

Dramatic reduction in overall responsiveness to the community as it relates to homelessness and crime

## **Mental Evaluation Team:**

Would require patrol officers to absorb duties related to mentally ill persons and other related complex investigations

## **Community Affairs**

Reduction in outreach efforts, like Partners in Policing and Teens and Policing

# Fire/Paramedics

**Required 5% budget cuts would lead to:**

- Fewer on-duty firefighters/paramedics to respond to fires, medical emergencies, accidents, hazardous material spills and other emergencies
- Reduced capacity for emergency planning and disaster preparedness
- Slower 911 emergency response times







# Impact of Slower Medical Emergency Response Times

- Every second counts in a medical emergency
- Studies find that across critical medical conditions including cardiac and neurological emergencies, a 1-minute delay in 911 response time increases the mortality rate by 1-2%
- According to the American Heart Association, survival rates for cardiac arrest patients alone fall 7-10% for every untreated minute



# Impact of Slower Medical Emergency Response Times

- Irreversible brain tissue damage occurs after 6 minutes of the brain not receiving oxygen during a heart attack or stroke. According to the American Heart Chain of Survival – CPR should be started within 6 minutes
- Cuts would increase average paramedic response times to over 6 min – up to 7:45 min in Fire Station 4 area



# Public Works

## Required 5% budget cuts would lead to:

- Fewer repairs and longer delays for repairs to streets and potholes
- Less maintenance of local parks that provide safe places for children and families to play
- Delays median/tree/parkway maintenance and weed/trash abatement
- Fewer repairs to sidewalks and curbs for pedestrian safety and safe routes to school –Continuous, unobstructed paths of travel on sidewalks are critical for pedestrian activity and mobility





# Community Programs

**If new revenue is not secured, additional cuts to community services and programs could include:**

- Closing multiple library branches and reducing library hours of operation and number of librarians
- Discontinuing:
  - Senior programs
  - After school programs
  - Camps
  - Adult sports programs
  - Civic Chorale
  - Armed Forces Day Parade
  - Torrance Rose Float
  - Early childhood education
  - Youth sports programs
  - Community gardens
  - 4th of July fireworks show
  - Countless annual holiday events





## Unknown Future Risks/Challenges

- Global economic factors including geopolitical pressures, stock market volatility and a housing market slowdown
- COVID-19 variants or other unknown health emergencies
- Litigation exposure and the cost of defending the City against lawsuits
- Drought conditions and water consumption reduction measures

# Why Propose a Sales Tax Ballot Measure

1. **Stabilize** Operating Budget, **Build** Reserves, Capital Projects
  - $\frac{3}{4}$  cent increase approx. **\$26.7 million**
2. **Restore Public Safety and Maintain Service Levels**
3. **Address Unmet Needs / Unbudgeted Priorities**
4. **Maintain Local Control**
  - Of the last 2 County sales tax increases passed, **only 15 cents** on the dollar is being returned to Torrance
    - Measure H – 0.25% passed Mar 2017
    - Measure R – 0.50% tax passed July 2017
    - Torrance generated approx \$37M, only received \$5 million

# Sales Tax vs. Transactions & Use Tax

|                                   |               |   |                             |
|-----------------------------------|---------------|---|-----------------------------|
| State                             | 6.00%         | } | 6.25% State                 |
| Transportation                    | 0.25%         |   |                             |
| Prop A                            | 0.50%         | } | 2.25% County                |
| Prop C                            | 0.50%         |   |                             |
| Measure M                         | 0.50%         |   |                             |
| Measure R                         | 0.50%         |   |                             |
| Measure H                         | 0.25%         | } |                             |
| <b>Torrance (Bradley Burns)</b>   | <b>1.00%</b>  |   |                             |
| <b>Current Sales Tax Rate</b>     | <b>9.50%</b>  |   |                             |
| <b>Transactions &amp; Use Tax</b> | <b>0.75%</b>  | } | Remaining left in State cap |
| <b>State Maximum</b>              | <b>10.25%</b> |   |                             |

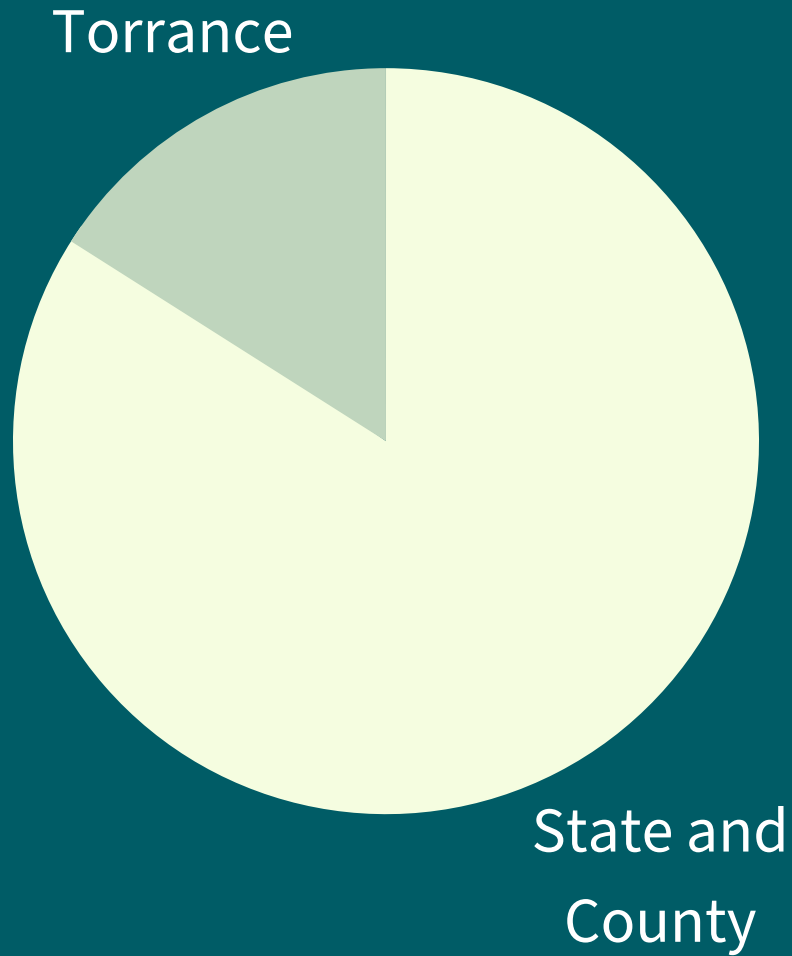
# Transaction & Use Tax (TUT) – CA Statistics

One tool to address financial instability issues

- **California**: 263 of 482 cities (55%) have enacted a TUT
- **Los Angeles County**: 53 of 88 cities (60%)
  - **39** of which became effective in the last 3 years



## Additional Funding Options – Sales Tax



- A  $\frac{3}{4}$  cent increase in the local sales tax would provide \$27 million in new revenue, allowing the City to avoid the most damaging budget cuts
- Maximum sales tax rate is capped by law, so if not secured for Torrance, this funding could be taken by LA County or another regional agency
- More than 80% of our sales tax gets taken by the State and County and Torrance keeps less than 20% of the sales tax generated in our city.



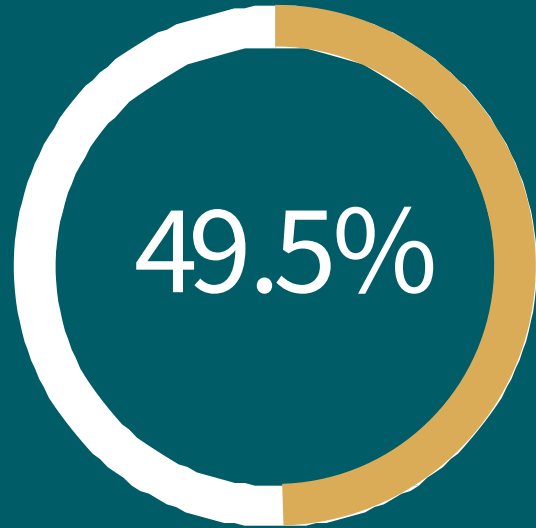


## Alignment with cities of similar size

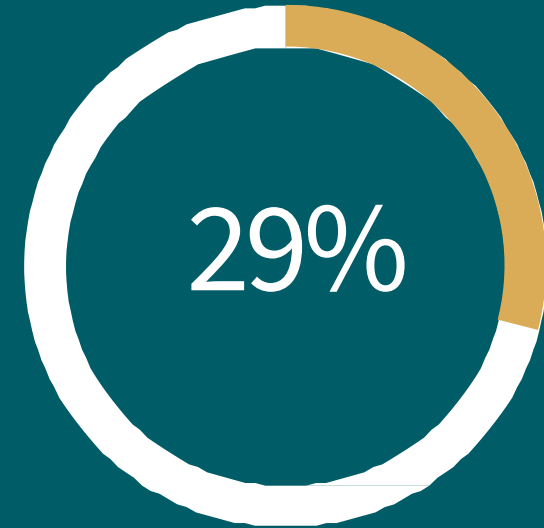
- Torrance is one of the few cities in LA County that does not receive locally controlled funding from a voter-approved sales tax
- A locally controlled sales tax would align Torrance with cities of similar size (between roughly 100k-200k in population)
- In the South Bay, all cities except the beach cities and Palos Verdes cities have enacted a TUT
  - Inglewood, Carson, Hawthorne, Gardena, Lawndale, Lomita

|      |                         | FY 2022 General          |                    |              | LA County<br>Fire | LA County<br>Sherriff |
|------|-------------------------|--------------------------|--------------------|--------------|-------------------|-----------------------|
| City | Est. 2021<br>Population | Fund Operating<br>Budget | Total Rate         |              |                   |                       |
| 1    | Pasadena                | 145,306                  | 286,693,000        | 10.25%       |                   |                       |
| 2    | Glendale                | 203,834                  | 255,384,677        | 10.25%       |                   |                       |
| 3    | <b>Torrance</b>         | <b>144,832</b>           | <b>221,697,990</b> | <b>9.50%</b> |                   |                       |
| 4    | Burbank                 | 103,969                  | 203,984,849        | 10.25%       |                   |                       |
| 5    | Inglewood               | 110,159                  | 162,372,221        | 10.00%       | X                 |                       |
| 6    | Pomona                  | 151,319                  | 120,174,646        | 10.25%       | X                 |                       |
| 7    | Downey                  | 111,425                  | 93,816,239         | 10.00%       |                   |                       |
| 8    | Lancaster               | 161,372                  | 89,905,914         | 10.25%       | X                 | X                     |
| 9    | Palmdale                | 156,074                  | 85,148,200         | 10.25%       | X                 | X                     |
| 10   | El Monte                | 116,465                  | 76,615,507         | 10.00%       | X                 |                       |
| 11   | West Covina             | 105,593                  | 67,814,100         | 9.50%        | X                 |                       |
| 12   | Norwalk                 | 105,393                  | 65,196,145         | 10.25%       | X                 | X                     |

# Sales Tax vs. Transactions & Use Tax



Of the 1% Bradley Burns sales tax revenues, **49.5% are generated from non-residents**



It is estimated that of any additional Transaction & Use Taxes, **29.0% will be generated from non-residents.**





## Sales Tax – Specifics

- A  $\frac{3}{4}$  cent increase would add 75 cents to a \$100 purchase, or \$7.50 to a \$1,000 purchase.
- Essential purchases like groceries and prescription medicine are exempt from sales tax, so it is not a burden to those on fixed incomes
- Sales tax is paid not just by residents but also those who work and shop in Torrance
- Approximately 30% of the revenue from a sales tax increase is estimated to come from non-Torrance residents shopping in our city

# Sales Tax – Maintaining Essential Services

**Voter-approved  $\frac{3}{4}$  cent sales tax would provide much needed funds to avoid the deepest budget cuts & allow the city to maintain essential city services including:**

- Voter-approved  $\frac{3}{4}$ cent sales tax would provide much needed funds to avoid the deepest budget cuts & allow the city to maintain essential city services including:
- Maintaining fire, paramedic, public safety officers and 911 response
- Maintaining school crossing guards and school resource officers that keep schools safe
- Recruiting and retaining well-trained firefighter-paramedics and public safety officers
- Repairing streets and potholes

# Sales Tax – Maintaining Essential Services *continued*

**Voter-approved  $\frac{3}{4}$  cent sales tax would provide much needed funds to avoid the deepest budget cuts & allow the city to maintain essential city services including:**

- Preventing thefts and property crimes
- Locally-controlled sales tax revenue would also stabilize the city budget and provide the emergency reserves need to be prepared for an unforeseen disaster or emergency

**Locally-controlled sales tax revenue would also stabilize the city budget and provide the emergency reserves need to be prepared for an unforeseen disaster or emergency**



# Sales Tax – Taxpayer Protections

**A voter-approved sales tax would include fiscal accountability protections including:**

- Required annual disclosure of public spending
- Mandatory annual audits
- Independent citizens' oversight

# Your Feedback is Important

- Budget cuts of this magnitude would have a significant impact on the safety and quality of life of Torrance residents
- Additional locally controlled revenue would allow the City to avoid the most devastating cuts to city services
- The City wants to hear from local residents about what services are most important to them. To provide feedback through our online survey, or to learn more, visit

**[www.TorranceCA.Gov/EssentialServices](http://www.TorranceCA.Gov/EssentialServices)**